

Davidson, Florene, EMNRD

To: kklein@yatespetroleum.com
Subject: Applications

Mr. Klein, David Brooks instructed me to set the following administrative applications for non-standard spacing units filed by you for hearing:

Belco "AIA" Federal Well Nos. 5 and 6, Section 14, Township 20 South, Range 32 East

These applications will be set for the January 5, 2012 examiner hearing. Please let me know if this date is not satisfactory with you.

Thank you.

Florene Davidson

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, November 22, 2011 11:29 AM
To: 'Kevin Klein'
Subject: RE: Belco AIA Fed #6; NSP Application

Dear Mr. Klien

An addendum to my letter a few minutes ago regarding the AIA Fed #5. When you receive notice of the setting for hearing, it will be your responsibility to notify the offsetting operator by certified mail, return receipt requested, of the date, time and place of the hearing, unless you retain an attorney to handle this matter.

Sincerely
David K. Brooks

From: Kevin Klein [<mailto:kklein@yatespetroleum.com>]
Sent: Tuesday, November 22, 2011 9:32 AM
To: Brooks, David K., EMNRD
Subject: RE: Belco AIA Fed #6; NSP Application

Mr. Brooks,

Thank you for notifying me of the pending hearing. I am assuming that I will receive a letter or email when the hearing is set?

Thank you once again,

Kevin Klein
Landman
Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210
office: 575-748-4332
mobile: 575-317-4842
kklein@yatespetroleum.com

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Monday, November 21, 2011 5:21 PM
To: Kevin Klein
Subject: Belco AIA Fed #6; NSP Application

Dear Mr. Klein

This application must be set for hearing because OCD Rule 15.11.B(2) authorizes the granting of non-standard proration units administratively only if, in the case of pools spaced on 80 acres as this one is, the proposed non-standard unit is entirely within one spacing unit.

I am accordingly directing the Division Administrator (Ms. Florine Davidson) to set this application for hearing.

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, November 22, 2011 11:23 AM
To: 'Kevin Klein'
Subject: RE: Belco AIA Fed #6; NSP Application

Yes, and I now see that the Belco AIA Federal #5 application will also require setting for hearing. I will see that they are set at the same hearing.

David Brooks

From: Kevin Klein [<mailto:kklein@yatespetroleum.com>]
Sent: Tuesday, November 22, 2011 9:32 AM
To: Brooks, David K., EMNRD
Subject: RE: Belco AIA Fed #6; NSP Application

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Thank you once again,

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Sincerely

David K. Brooks
Legal Examiner

DATE IN 10-20-11	SUSPENSE	ENGINEER DB	LOGGED IN 10.21.11	TYPE NSP	APP NO. 1129453088
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PTG-W

25575

Yates
Belco AIA Fed #5

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Case 14776

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Kevin Klein</u> Print or Type Name	<u>[Signature]</u> Signature	<u>Landman</u> Title	<u>10/19/2011</u> Date
		<u>kklein@yatespetroleum.com</u> e-mail Address	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Salt Lake Delaware
Property Code	Property Name BELCO "AIA" FEDERAL	Well Number 5
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3529'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	20 S	32 E		1980	SOUTH	1950	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	14	20 S	32 E		1980	SOUTH	660	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 32°34'17.16" Long - W 103°44'04.97" NMSPC - N 572112.837 E 725755.900 (NAD-83)</p> <p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°34'17.16" Long - W 103°43'49.89" NMSPC - N 572120.008 E 727045.901 (NAD-83)</p> <p>NM-63016</p> <p>Distances: 3525.6', 3527.1', 1330', 1290', 3529.9', 3529.1', 1950', 660', 1980', 1981'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Clifton May</i> 9/15/11 Signature Date</p> <p>Clifton May Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARGARY L. JONES SEP 20 2011 NEW MEXICO Professional Surveyor W.O. No. 106104</p>
	<p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

OFFSETTING OPERATORS

PECOS OPERATING COMPANY, LLC
125 W. Missouri Ave., Suite 450
Midland, TX, 79701

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

SCOTT M. YATES
VICE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

October 19, 2011

PECOS OPERATING COMPANY, LLC
125 W. Missouri Ave., Suite 450
Midland, TX, 79701

Case 14776

Re: Application for Administrative Approval of Non-
Standard Spacing Unit, Lea County, New Mexico

Dear Sirs:

Please find enclosed our application for administrative approval by the director for a non-standard spacing unit for the SENE and NESE of Section 14, Township 20 South, Range 32 East, Lea County New Mexico to be dedicated to Yates' Belco "AIA" Federal #5 well.

Should you choose to object to our application your objection must be submitted in writing to the New Mexico Oil Conservation Division within 20 days from the date the division receives our application

Please direct any questions to me at the letterhead address or by calling me direct at 575-748-4332. Thanks you.

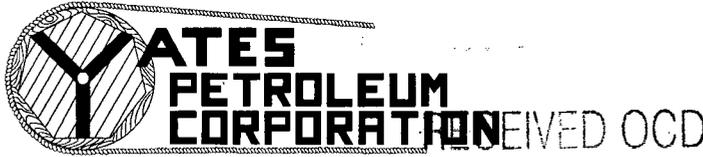
Sincerely,

YATES PETROLEUM CORPORATION

Kevin Klein
Landman

Enclosure(s)

MARTIN YATES, III
1912-1985
FRANK W. YATES
1936-1986
S. P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

2011 OCT 20 A 12:06

JOHN A. YATES
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VICE PRESIDENT
JAMES S. BROWN
CHIEF OPERATING OFFICER
JOHN D. PERINI
CHIEF FINANCIAL OFFICER
JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

October 19, 2011

Attn: David Brooks
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Case 14776

Re: Application for Administrative Approval of Non-Standard Spacing Unit, Lea County, New Mexico

Dear Mr. Brooks:

Pursuant to 19.15.15.11.B paragraph 2(a) Yates Petroleum Corporation ("Yates") hereby requests administrative approval by the director for a non-standard spacing unit for the SENE and NESE of Section 14, Township 20 South, Range 32 East, Lea County New Mexico to be dedicated to Yates' Belco "AIA" Federal #5 well.

Enclosed please find the Form C-102 showing the well location and requested acreage dedication, a completed Administrative Application Checklist, a list of offset operator(s), and a copy of our letter of this same date notifying said offset operator(s) of Yates' application for non-standard spacing.

Please direct any questions to me at the letterhead address or by calling me direct at 575-748-4332. Thanks you.

Sincerely,

YATES PETROLEUM CORPORATION

Kevin Klein
Landman

Enclosure(s)